

IMPLEMENTATION SINGLE ITEM INVENTORY

Start Up:

Single item inventory must begin in SY 2001-2002. Combine your physical commodity inventory and your physical purchased inventory from the ending inventories of SY 2000-2001. **Separate inventories no longer exist.** The two previous inventories now have become one physical inventory. There is no distinction given between the purchased and the commodity once it has been received.

Physical Inventory:

Recording Inventory - Items that are identical in pack will appear only once on your inventory sheet. For example, when you receive commodity cut green beans in #10 cans, the commodity and purchased products will be recorded on the same line on the physical inventory sheet.

Assigning a Dollar Value to Commodity Inventory - The dollar value assigned to the commodities received is determined by the value of similar purchased item. In instances where a school does not have a purchased similar item, you will use the dollar value assigned by TN Department of Agriculture (TDA) plus the delivery fee as the inventory dollar value.

Claim for Reimbursement to the State Agency:

This will **NOT** change. Commodities received are not reported on your Claim for Reimbursement to the State Agency. Only actual cash income and cash expenditures are reported on the Claim for Reimbursement. If you pay commodity delivery fees, these fees will show up as actual expenditures.

Assets:

Commodities received become an asset to your physical inventory. They will increase the value of your inventory.

Income and Expenditures:

Delivery fees on commodities are actual expenditures, and are a part of your food cost.

Food Cost:

The first month of combining the inventories requires adding the beginning USDA inventory amount to the beginning purchased inventory amount. This will give you the “beginning inventory for month” for the first month. After initially combining these inventories, you **MUST** continue to add the commodities that you receive each month to the beginning inventory just as you do the purchased items. The formula to figure the total food actually used during the month will now look like this:

BEGINNING INVENTORY FOR MONTH

- + Food Purchases for Month**
- + Cash Value of Commodities Received for Month**
- Commodity Delivery Fees**
- Ending Inventory for Month**

= VALUE OF FOOD USED FOR MONTH OF OPERATION

The commodity value is now included in the “value of food used for month” and is included in the “end of month food inventory”. Thus, commodities are now included in food costs for the month and will reflect a higher plate cost.

Note: Plate cost is determined by the total of food, labor, supplies and other expenses divided by the total number of meals served.

Audits:

You will need to maintain the notices of commodity deliveries from TDA and the actual delivery tickets/receiving paperwork for commodities received for documentation and audit purposes. This documentation of commodities received will be used to confirm the number of cases and items received for the school year. Also, the assigned value should be maintained with this documentation. The total dollar value of commodities received for the year must be provided to your central office Finance Department to be included in your school system's Annual Financial Report.

Food Service Management Companies (FSMC)

Anyone using a Food Service Management Company may not use the Single Item Inventory. **CFR §210.16(a)(6).**